



United Arab Emirates: Opportunities in the Safety and Security Market

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Summary

The UAE market offers good opportunities for US security systems and equipment firms. The current market size is estimated at \$ 750 million; the market is estimated to increase by 25 % annually over the next 5 years as a number of security-related projects are in planning stages. Suppliers of US security equipment currently have over 20 percent of the total imports for 2004 while Asian firms have about 45 percent and European firms have 35 percent. The UAE Government (UAEG) is extremely concerned with its safety and security. New plans on how to better secure sensitive areas, and installations, as well as protect prominent government officials are continuously being drawn up and existing installations updated. The Ministry of Defense and the Ministry of Interior (includes the Civil Defense Department and Border and Coast Guard) are the main consumers of security systems and equipment followed by oil companies.

Market Overview

According to a recent study, the six Arab Gulf states (GCC) have spent a staggering \$277 billion on defense and security over the last eight years irrespective of high or low oil revenues. The amount accounts for some 12.7 per cent of their GDP for that period, the highest ratio in the world. The UAE market offers excellent opportunities for US security consultants and suppliers of advanced systems and equipment, with the Federal Ministries of Interior and Defense (including Civil Defense departments, Border and Coast Guards) and the emirate level police forces as the main consumers. Dubai Airport is one of the busiest in the world and as a world-class facility in the post-9/11 era, airport security is a top priority for airport authorities in the region. Dubai's bustling ports are also interested in increased security, particularly as the Dubai Port Authority, which includes Dubai Customs, proceeds with the US Customs' Container Security Initiative.

The local police departments of Abu Dhabi and Dubai each have approximately 15,000 police officers, with Special Operations Commands and SWAT teams. The UAE is aware of the fast pace of improvements in security and police equipment and technologies worldwide and they wish to make the best use of the latest technologies. All agencies involved in security or law enforcement want the best tools available to do their jobs and are well funded for quality equipment.

International security experts have been urging Gulf States to enhance border surveillance, exchange intelligence and boost cooperation to prevent terrorist attacks. The UAE's coastline stretches for 1,300 km and the UAE has numerous islands especially in the Emirate of Abu Dhabi. Like many prosperous nations located near less-prosperous nations, the UAE struggles to combat the smuggling of illegal aliens along its coastline. Coastal surveillance systems are generating significant interest for that purpose as well as for the security of the UAE's numerous offshore oil platforms. With new and modern marinas being established in the numerous beach resorts, luxury boat ownership has also been on the rise, offering very good opportunities for all types of marine security systems, including boat-locating systems, GPS navigation systems, collision avoidance systems, and low-light or night-vision devices.

Security officials are continuously developing new plans to improve security around sensitive areas and installations, as well as to protect prominent government officials. These plans usually require identification and access control equipment, perimeter security, monitoring and control devices, video monitors, CCTV cameras, warning and signaling devices, personal protection devices and accessories, armored and emergency response vehicles, and checking, searching and investigation equipment, including x-ray inspection equipment.

There is a fast-growing awareness about the need for up-to-date commercial and personal security and safety systems, combined with a surge in infrastructure development in both the public and private sectors. The increase in visitors, including those for global meetings, keen interest in the latest technological developments, and the UAE government's concern for the security of their residents all combine to add momentum to the expected growth in this sector over the next few years. Many UAE residents are now taking steps to better secure their homes and business establishments especially palaces and villas owned by royal family members in the region are investing millions on perimeter security. This will also add to the substantial market growth expected over the next several years. Industry sources have reported 15-20% per annum growth in the Security and Safety sector over the last three years and expect that this growth will continue.

Some of the specific areas within this sector that present good potential for US exports, include:

A - Border Control

There is a high need for border control as the UAE as well as the countries around have large coastlines and borders, which are just partly protected and so there is a increasing need for security measures against smuggling and illegal immigration. More than 1,500 trucks and 1,300 passenger cars per day pass between UAE and Saudi Arabia through the Al Batha crossing point on the Saudi side of the border and the Al Ghewaifat on the UAE side, officials said. Abu Dhabi Police is in the process of redesigning and upgrading the Ghewaifat border to improve security and ease passage. Architectural firm Crang & has already completed the master plan; a variety of security equipment suppliers (X-ray bomb and drug detection, container and truck scanning, mobile x-ray units, smart boards, command and control center) and system integrators will be approached to complete this project.

Raytheon has been tasked by UAE Armed Forces to survey the UAE-Oman boarder on a pilot border control project. Once the initial survey is completed, a complete UAE border control project will be implemented and it will be linked to the C4I project that UAE military is also bidding.

At a recent GCC Airport Security meeting, high-level security officials announced an regional initiative to build security operation rooms at all airports in GCC countries and then interlink them to help meet security challenges. Dubai has one of the largest airports in the world and as terrorist attacks are increasing, the Airport Security and Border control is also a very important task for the local authorities. There are massive airport expansion plans in the region including \$ 8 billion Doha International Airport, \$ 6 billion Abu Dhabi International Airport, \$ 5 billion additional expansion of Dubai International Airport and Jebel Ali Airport development, \$1.5 billion expansion of Jeddah's King Abdulaziz Airport, \$500 million modernization of existing facilities at Kuwait Int'l Airport, and \$ 1 billion upgrade of Bahrain Int'l Airport. Security is expected to account for 10-15% of total expenditures in these airport expansion and improvement projects

A survey conducted last year by security experts concluded that Middle East ports should also invest more in land and sub-sea surveillance technology, including cameras and detectors, as part of the effort

to combat shipping security threats. Ports have a crucial role in ensuring the security of the region's maritime industry, including the 12,000 vessels a year that pass through the Straits of Hormuz.

B – Command and Control Centers

Qatar is setting up a state-of-the-art intelligence center to respond to any security threats during the 2006 Asian Games and to also manage security for future local and regional events hosted in Doha. The National Command Center (NCC) will prevent and respond to any potential terror threats posed during the Games; the center will feature the most advanced security and intelligence systems to provide an immediate response to any kind of threat and security breaches. The NCC is being set up in cooperation with the Qatari Ministry of Interior; a number of US and international defense and security contractors are bidding on this project.

Dubai police has recently signed an agreement with Siemens for a new command and control center at its new headquarters in Dubai. The agreement is to build, activate and implement the center in 11 months. The new center will allow police to monitor Dubai through a network of sophisticated remote cameras and advanced observation equipment.

Dubai Airport is bidding a safety and security command and control center to help centralize and better monitor its massive facilities. A number of companies like Boeing, Siemens, and Thales were initially bidding on this project but the competition narrowed down as Boeing pulled out because of indemnification and liability issues and it is believed that Dubai Police and Civil Aviation Authorities are in negotiations with Siemens on this \$400 million project.

UAE Armed Forces is in the process of selecting a Defense contractor for a multi-billion dollar C4I project that will help better integrate its land, air, and naval forces. Raytheon, EADS, Lockheed Martin, Marconi, Northrop Grumman, and a number of other International Defense Contractors are bidding on this project over the last 2 years.

C – Critical Infrastructure Security

There is a growing concern in the UAE and around the region about threats to critical infrastructure facilities like oil & gas production onshore and offshore platforms, storage & shipping facilities, offshore pipelines and to utility plants and water supply facilities.

The Abu Dhabi National Oil Company and emirate level utility companies are working closely with the ministries of interior and defense to implement immediate measures to secure these facilities and we anticipate the deployment of a number of new systems in these fields. This is a new and very lucrative potential sub-sector to US security consultants, system integrators and security equipment suppliers.

In addition to these facilities, there is a growing demand for advanced security systems for government buildings, palaces and foreign embassies throughout the Middle East. After 9/11, the perimeter security concept in the region has evolved from basic CCTVs and locks to complete and comprehensive control access and monitoring systems. The other major development in perimeter security is the swelling demand for Security Consulting firms to act as security engineers and project managers.

Market Trends and Import Market

The most promising sub-sectors within the security and safety sector are:

1 - Security Consulting Services General Security Consulting – System Integrators – Command and Control Center Consultants – Perimeter and Personal Security Consultants- Crisis Management and Emergency 911 quick response systems

2 - Police Equipment – General Police Equipment like uniforms, helmets, crowd control, speed and monitoring cameras, etc.

3 - Surveillance and Control Access Equipment: Advanced monitoring and access systems, biometrics and e-systems – instant data transmission systems

4 - Airport Security: luggage and travelers screening systems, advanced airport terminal traffic monitoring systems, runway security systems, central command and control systems

5 - Border Security: land and sea borders monitoring systems.

6- Marine security: Offshore oil and other critical infrastructure monitoring systems – Command and Control systems – populated islands monitoring systems

U.S. safety and security systems and equipment enjoys a very good reputation in the U.A.E. market especially for high-tech and sophisticated equipment. However, inexpensive and low-tech Far Eastern products that provide minimum security protection mostly dominate the U.A.E. market. Whenever "intelligent" and/or high-tech safety and security equipment are specified U.S. products are in the lead.

Suppliers of U.S. safety and security equipment currently make up 6 percent of the total imports of safety and security systems and supplies. Far Eastern firms jointly have 50 percent. According to local sources, major foreign competition comes from Japan, Malaysia, South Korea, U.K., Singapore, and Switzerland. U.S. firms present in the market include:

8x8 Inc., Advance Technology Video, Allied Signal, Amerex Fire International Corp., AT&T, Automated Logic Corporation, Barrier Concepts Inc., Biometrics BII, Cylink Corporation, Diebold Inc., EG&G Astrophysics Research Corp., Edwards System Technology, Federal Signal Corp., GYYR, Hewlett-Packard, Honeywell, Hughes, Ion Track Instruments, Johnson Controls International, Kennedy, Key Source International, Magnavox Overseas Ltd., Morse Watchman, Napco International Inc., Pelco, PPI, Rockwell International, Recognition Systems Inc., Reliable Automatic Systems, Syntellect, Inc., Teledyne Brown Engineering, Teletec Corp., Toye Corporation, Westinghouse Security Electronics (WSE), Wheeled Coach, and Casi-Rusco.

Asian and European countries include:

U.K.: Advance Design Electronics, ACO Electronics, Advanced Perimeter Systems, APT Controls, Audiotel International Ltd., Baxall Ltd., Bewator Cotag, CardKey, Chubb Physical Security International, Convoy, Cooper Security Ltd., CQR Security Ltd, C-Tec, Fibre Options, Fire Fighting Enterprises Ltd., Gardiner Security Ltd., Geoquip, Geoquip Ltd, Guardall Ltd., Hoyles Electronic Development, IMCI, Intercall Nursecall Systems, Magnetic Solutions, Optex (Europe), Orbik, PAC International Ltd, Paxton Access Ltd, Phoenix Safe Co Ltd, Proline, Radford Leisure and Security Systems, Rapiscan, Security Enclosures, Selectmark Security Systems, Smokecloak Ltd., SMP Security Ltd., STI (Europe) Ltd., Surelock McGill, SYAC, Synectics, Taylor Woodrow, Thorn Security, Texecom, Vectra, Video Control Ltd., Vision Factory, Vision System ADPRO, Vista, and Walker Fire Germany: Heiman, Siemens, Dornier, Digisound-Electronic, Dresearch

Digital Media Systems, Gamy Sicherheitstechnik, Hirschmann, Kaba Gallenschutz, Nagels, Plettac Electronics, Tagmaster, Videor Technical, Wego System France: SFEME and Thomson-CSF Denmark: CCTV Corp. and D.I.S. Taiwan: Chiper, GIGA - TMS Inc., Riyal Wafa Enterprise Co. Ltd., Taiwan Regular Electronics, Topica, and AV Tech Taiwan Italy: Aprimatic, CIDAT Spa - Fire Fighting Division, Cofim Spa, Dynameco Srl, Gibi Estintori Machines, Idea Systems, Mas Spa, Mayor Srt Ambientat Protection, Pezzol SRL, RCF, and Union Foam Spa Finland: ASPO Electronics., Ambertec, Fargus, Foss, Kvaliteam, and Valtac Holland: Phillips and Pevac Japan: OKI, Nissie Sangyo, Hitachi Ltd., Aiphone, Sanyo, Sony Corporation, and Elbex

End Users and Key Contacts

UAE end-users include:

Abu Dhabi Police: Procures all requirements for the capital's police force. A multi-departmental committee oversees all major procurements. All purchases are made through:

Abu Dhabi Police General Head Quarters
Department of Financial Affairs
Purchasing Division
P.O.Box 253 Abu Dhabi, UAE
Ph: +971 2 446 1461
Fx: +971 2 4
www.adpolice.gov.ae

Dubai Police:

Dubai Police
General Department of Services & Supplies
P.O.Box: 1493 Dubai, UAE
Ph: +971 4 201 3045
Fx: +971 4 201 4123
mail@dubaipolice.gov.ae
www.dubaipolice.gov.ae

Sharjah Police:

Sharjah Police
Department of Administration and Finance
Col. Mohamed Rashed Bayat
Ph: +971 6 563 3333
Fx: +971 6 563 3332
www.shjpolice.gov.ae

UAE Ministry of Interior: This entity oversees federal activity and looks after the federal requirements for police and civil defense and also procurement for the four other emirates (Ajman, Fujairah, Ras Al Khaima and Umm Al Quwain).

UAE Ministry of Interior
P.O.Box: 398 Abu Dhabi, UAE
Tel: +971 2 441 4666
Fax: +971 2 441 4938

Market Access

The United Arab Emirates (UAE) maintains a free exchange and liberal trade system. Only firms with the appropriate trade license can engage in importation. Documentation requirements follow international standards and delays in custom clearance have been infrequent. The competition for business between the port facilities of the different emirates has kept user rates at a minimum and put a premium on services. There are no duties on exports.

There are no real barriers for the import of security equipment into the country; however, the import of certain weapons and the installation of communications intercept and surveillance systems require prior permission from the Ministry of Interior. In addition, most crime control equipment requires US Department of Commerce or US Department of State export licenses for export from the US to the UAE.

US suppliers of safety and security systems and equipment enjoy a very good reputation in the UAE market, especially security consulting services and supply of advanced high-tech equipment. The market has become very competitive in the last year, however, with European companies making inroads in the US market share. US companies should be aware that the culture in the UAE rewards frequent and ongoing business and social contacts between supplier and customer.

In most cases, US security and safety firms will not deal directly with the agencies for the purchase of equipment. It is standard practice for these agencies to issue tenders and seek bids from commercial companies to acquire products for resale to the government agencies. Single-source procurement is not very common but it is practiced when outsourcing highly technical and specialized products and services.

Market Entry

Traditional approaches to business are beginning to change. There is a growing emphasis on quality, after-sales service, and maintenance requirements and costs. A new trend of impersonal businessman/consumer has changed some of the business style. However, it does not yet represent the dominant practice. Personal relationships, particularly when UAE nationals are involved, still predominate. Since these relationships take time to nurture, US firms are advised to invest time in the market with preferably a local presence or at least very frequent trips. This is not an activity that can be done long-distance. Face-to-face contact is essential. In addition, US firms should seek a local sponsor, agent, or partner with sufficient access and influence in those circles most relevant to that particular business.

In addition to personal relationships, price remains most often the dominant-buying factor. For US firms selling to traders, which is the dominant business type in the UAE, there is no substitute for price. Government procurement also places heavy emphasis on selection of the low bidder, as long as the lowest price bidder is compliant with all technical specifications.

Upcoming Trade Shows/events

1. The International Commercial Security, Fire and Safety Exhibition and Conference (INTERSEC – <http://www.intersecexpo.com/>) January 29- 31, 2006- Dubai, UAE.
2. MEPOL 2006 Sharjah (<http://www.middleeastpolice.com/>) Sharjah, UAE. Show dates TBD
3. Security and Safety Middle East 2005 Abu Dhabi (<http://www.securityandsafety-me.com/>) November 14-17, 2005 Abu Dhabi, UAE

For more information about the Security and Safety sector in the UAE, please contact:

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